

**REGULATORY IMPACT ASSESSMENT**  
**INCREASE IN GAMING AND LOTTERIES FEES 2003**

**The Gaming Act (Variation Of Fees) (England And Wales And Scotland) Order 2003**

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***1. Purpose and intended effect***

**(i) The objective**

These orders are made under the Gaming Act 1968 and increase the fees for certain gaming licences issued under the Act. These fees are reviewed annually to enable the costs in administering the controls on gaming to be met.

**(ii) The background**

These Orders amend the fees in order to achieve full cost recovery in each sector based on the Gaming Boards estimates of the cost of each service and of demand for it during financial year 2003/2004.

The licences concerned are:

**Gaming fees – England, Scotland and Wales**

- Certificates of consent for new licences and consent transfer of licences for casino and bingo clubs by the Gaming Board
- Certification of employees in the casino and bingo industry
- Grant and renewal of certificates for the sale, supply and maintenance of gaming machines

**Gaming fees - England and Wales<sup>1</sup>**

- Grant, renewal and transfer for gaming licences for casinos and bingo clubs by licencing magistrates.

Licence fees for lotteries under the Lotteries and Amusements Act 1976 and clubs registered under Part II and Part III of the Gaming Act 1968 remain unchanged.

**(iii) Risk assessment**

The Governments aim in setting these fees is to meet the cost of administering the licencing process. The licence process enables the Gaming Board, the Courts and others to ensure that those involved in organising gaming are fit and proper to do so, and that

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<sup>1</sup>Fees for casino and bingo licences issued by the Licencing Boards in Scotland have been devolved to the Scottish Parliament. The Gaming Board has however recommended that these fees be set at the same levels in Scotland as in England and Wales. These orders do not cover these fees.

gambling is kept free from criminal infiltration and is run fairly and in accordance with the law. If the fees are too high, the Government will be taking money out of the gaming and lottery sectors. If they are too low it will be subsidising them as shown in the table below.

	Income with no change in fees	Costs of regulation 2003/04
S 19 Employees Certificates	£512,000	£652,327
S27 Machine manufactures licences	£556,660	£566,117
Casino licences	£1,542,615	£1,583,869
Bingo licences	£1,214,300	£1,249,568
<b>Total</b>	<b>£3,825,843</b>	<b>£4,051,881</b>
<b>Costs to Government</b>	<b>£226,038</b>	

Either would be contrary to Treasury guidance and to the recommendations of the National Audit Office which produced a report of the Gaming Board in 2000<sup>2</sup>

#### *Employees certificates*

The increase in the price of the fee to gambling employees by 27.5% is largely due to the reduction in the number of certificates that the Board now issues.

The NAO recommended in 2000 that there should be a rationalisation of the number of types of certificate that should be issued. As a result a new combined casino gaming employee certificate - a red certificate - was introduced which combined three previous certificates, the blue certificate for dealers and cashiers, yellow for inspectors, pit bosses and security staff and green for supervisors.

As a result the board estimates that there will be about 700 fewer applications in 2003/04. The work to process certificates has gone down as a result, but the Board still has to monitor the same number of licence holders and these costs have therefore have to be spread over fewer remaining certificates.

However, those who are promoted to the position of inspector or supervisor no longer have to apply and pay for the two intermediate certificates before they take up post, with consequential savings.

## **2. Options**

Two options have been identified

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<sup>2</sup> The NAO's conclusions, endorsed by the Commons Public Accounts Committee, was that there should be a more reliable basis for determining the costs of licencing and police authorities and achieving their full recovery, and that cross subsidies between various sectors of the gaming industry and lotteries should be eliminated.

Option 1 – leave the fees at their current level

Option 2 – increase the fees as recommended by the Gaming Board

### 3. Identifying, quantifying and valuing benefits

Increasing the fees will ensure that the Gaming Board, the courts and the police can effectively carry out the regulation of gambling without subsidy by the Government.

Option 1 – will retain the status quo. There are no benefits attached to this option but several risks as explained in section 1(iii).

Option 2 – will ameliorated the risks identified in section 1(iii)

### Business sectors affected

Casino operators, bingo club operators and their prospective employees and gaming machines suppliers and vendors.

### 4 Costs

#### (i) compliance costs

The compliance cost to business is the fee itself and administration costs in applying for the certificate or licence. The fees are calculated on the basis that each of these sectors will meet its own cost and reflect the anticipated cost of regulation during the financial year 2003/2004.

The increases required to meet the regulatory costs are as follows:

Fee	Old Fee	New fee	% Increase
S 19 Employees Certificates	£160	£204	27.5
S27 Machine manufactures licence			
New	£5,800	£5,920	2.1
Renewal	£3,970	£4,050	2.0
Casino licences			
Grant	£28,915	£29,640	2.5
Renewal	£7,950	£8,150	2.5
Transfer	£7,665	£7,855	2.5
Consent Application	£8,000	£8,200	2.5
Consent transfer	£5,000	£5,125	2.5
Bingo licences			
Grant	£3,800	£3,915	3.0
Renewal	£1,450	£1,495	3.1
Transfer	£1,545	£1,595	3.2
Consent Application	£7,500	£7,725	3.0
Consent transfer	£5,000	£5,150	3.0

*Option 1:* retain the status quo. The Gaming Board estimates that fees paid by the industry would be £3.82m. This will be insufficient to cover the costs of regulation as shown in the table in section 1.

*Option 2:* implement the new fees to cover costs of the Gaming Board, the courts and the police in regulating gaming in full for 2003/04. The Gaming Board estimates that fees paid by the industry would be £4.05m and will cover the full costs of regulation.

## (ii) Other costs

There are small costs associated in preparing the Orders and laying them before Parliament and informing the industry about the changes.

## **5. Impact on small businesses**

We do not expect these fees rises to place an unreasonable burden on small business. The fees for casinos and bingo clubs and machine suppliers rise between 2 – 3 % and are largely in line with inflationary increases.

## **7. Competition Assessment**

A competition assessment has been carried out with the following results:

### *Industry*

These Orders are unlikely to have a negative competitive impact on the bingo, casino, or gaming machine sector and are unlikely to have an impact on the number or size of the firms in the market. The fees are a very small proportion of the costs in setting up or entry to the business, or ongoing costs. The money exchanged for gaming chips in casinos in 2001/02 was £3.5 billion, the money staked at bingo clubs £1.16 billion, and the money retained by suppliers and owners of gaming machines £1.5 billion.

The fees at a fixed rate and are exactly the same for all sectors of the industry applying for the same types of licences. All the new fees will be effective from 1 April 2003.

### *Individuals*

It is unlikely that the rise in the fee will influence potential employees from entering the gambling sector. A certificate once issued by the Gaming Board remains valid for the employee in respect of the employer identified or until it is revoked.

## **8. Enforcement, Monitoring and Review**

Operators and employees must pay these fees before they are granted an appropriate licence or certificate. DCMS writes to the main industry representatives about the fees.

The Gaming Board reviews the fees annually to ensure that the fees cover the costs of regulating the gambling industry.

## **9. Consultation**

The Gaming Board has recommended the proposed changes. The fees have to cover the cost of administering the regulation and the gaming industry expects this.

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## **11. Summary**

**Option 1** - the Gaming Board estimates that the gambling industry sectors identified in the RIA will pay approximately £3.82m in fees in 2003/04 if they are left at 2002/03 levels. These receipts will not however cover the costs of regulation in 2003/04 and the Government will be subsidising these sectors by £0.22m.

**Option 2** - will cover the costs of regulation in 2003/04 and ensure that regulatory costs are met by the industry in full. The Gaming Board estimates that the industry will pay £4.05m in fees. This is therefore the option the Government prefers.

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### **Declaration:**

**I have read the Regulatory Impact Assessment and I am satisfied that the balance between cost and benefit is the right one in the circumstances described**

**Rt Hon Richard Caborn MP  
Minister for Sport  
Department for Culture Media and Sport**

**Date**

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